

# PROPERTY FORECLOSURES IN MARYLAND

## SECOND QUARTER 2008



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# **PROPERTY FORECLOSURE EVENTS IN MARYLAND SECOND QUARTER 2008**

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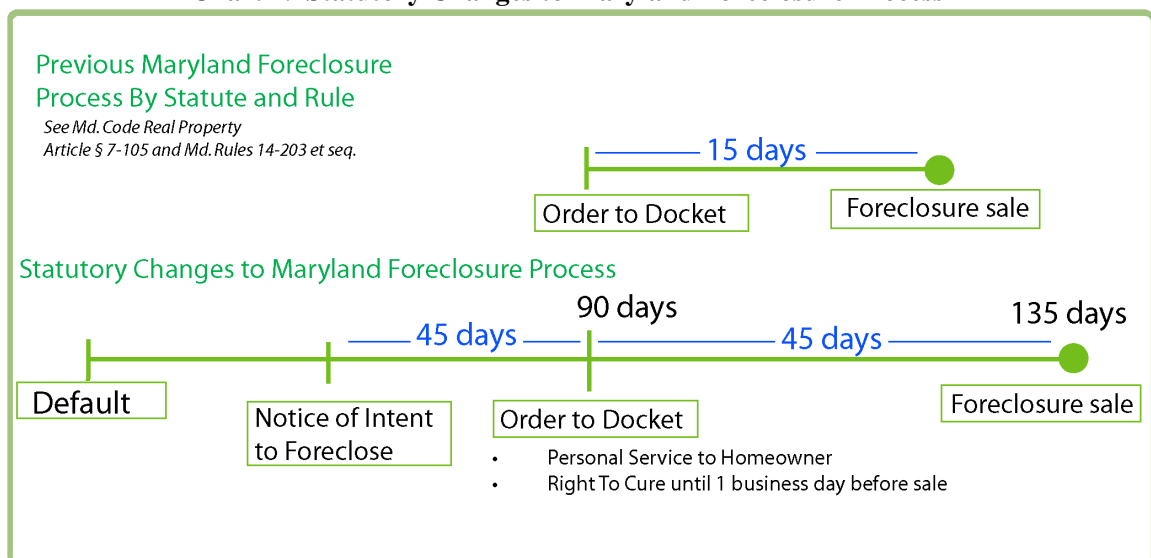
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# PROPERTY FORECLOSURE EVENTS IN MARYLAND SECOND QUARTER 2008

## INTRODUCTION

The second quarter foreclosure data for Maryland show a significant shift in the composition of the foreclosure events and in the State's national ranking. This shift is due to the new State law that became effective as of April 4, 2008. The law effectively increased the foreclosure period from an average of two weeks to 135 days, giving homeowners substantially more time to cure their delinquency status. The law requires a lender to wait 90 days after the initial default before filing the foreclosure action by sending a uniform *Notice of Intent to Foreclose* to the homeowner 45 days prior to filing an Order to Docket to initiate a foreclosure sale. The law also requires personal service to notify a homeowner of impending foreclosure sale and requires that a sale may not occur for 45 days after service. A lender must produce proof of ownership when filing a foreclosure action. The bill codifies the right to cure, which will allow a homeowner to stop foreclosure by paying what is owed up until one business day before the sale.

**Chart 1. Statutory Changes to Maryland Foreclosure Process**



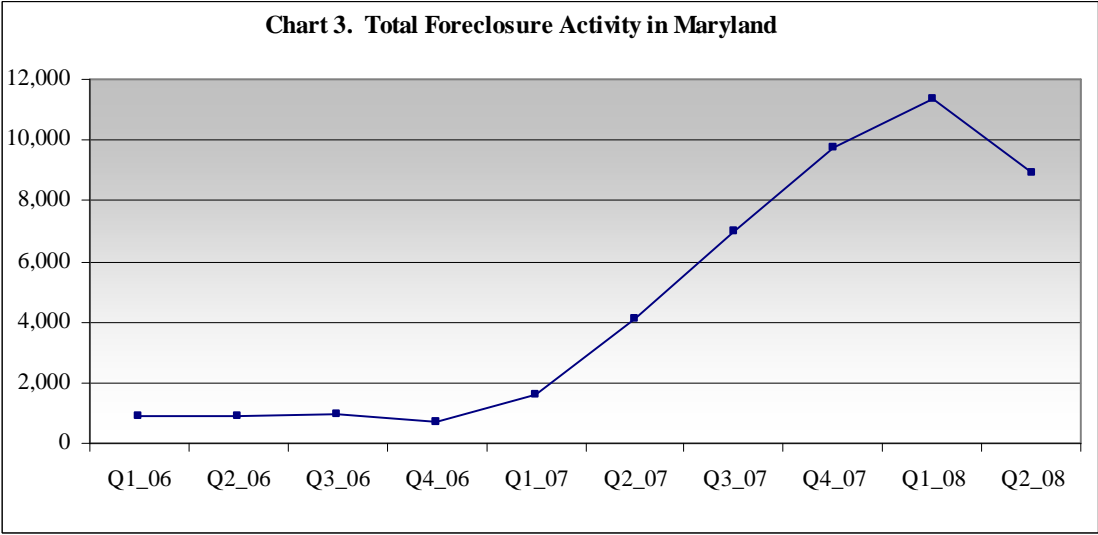
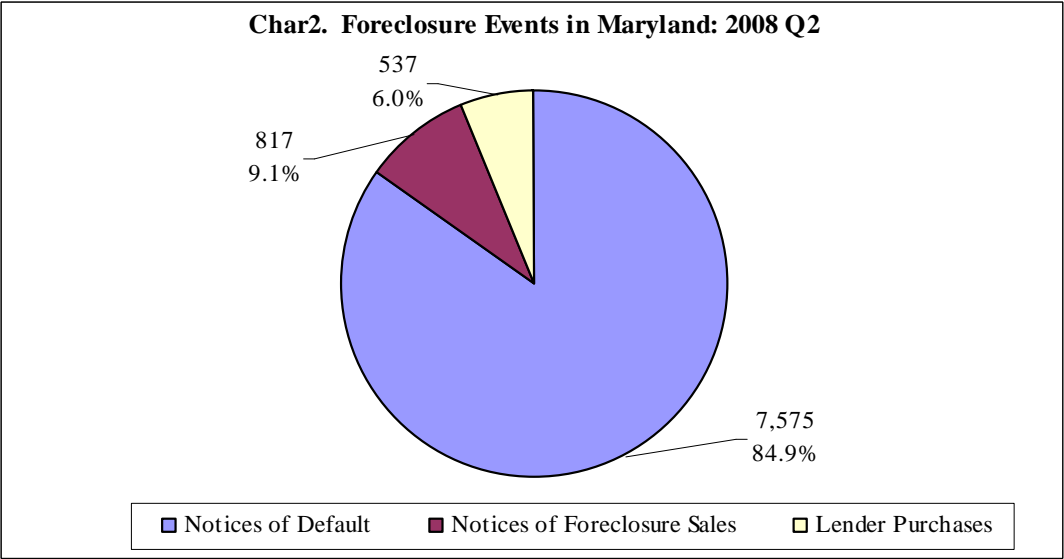
*Source: Maryland Department of Labor, Licensing and Regulation*

## **ALL PROPERTY FORECLOSURE EVENTS**

The impact of the statutory changes to the Maryland foreclosure process was to substantially reduce the number of foreclosure sales during the second quarter of 2008, as an increasingly larger number of lenders complied with the new filing requirements. Data from RealtyTrac show that all foreclosure events, including the notices of default, notices of foreclosure sales and lender purchases of foreclosed properties, declined from 11,380 in the first quarter to 8,929 in the second quarter, representing a reduction of 21.5 percent (Chart 2). Nevertheless, compared to the second quarter of 2007, foreclosure events were up by 118.2 percent. The State's national ranking in foreclosure rate, as measured by the number of households per foreclosure event, improved from the 12<sup>th</sup> highest in the first quarter to the 16<sup>th</sup> highest in the second quarter.

The notices of default accounted for 84.9 percent of all foreclosure events, by far the largest share. The default notices grew to 7,575, up 30.4 percent from the previous quarter and up 219.6 percent from the second quarter of 2007. The notices of foreclosure sales issued in the second quarter, representing 9.1 percent of all foreclosure events, plummeted to 817 events. These notices declined by 82.6 percent from the first quarter and were down 37.4 percent from the second quarter of 2007. Finally, lenders purchased a total of 537 foreclosed properties in the second quarter, accounting for 6.0 percent of all foreclosure activity. Lender purchases posted a sharp decline of 38.6 percent from the first quarter, but an increase of 29.1 percent over last year.

Prince George's County accounted for about a third of all foreclosure events in Maryland (32.0 percent), followed by Montgomery County (14.7 percent), Baltimore City (11.1 percent), Anne Arundel County (8.9 percent), and Baltimore County (8.7 percent). Compared to the last quarter, foreclosure events declined in all jurisdictions except Anne Arundel and Worcester counties. However, compared to last year, property foreclosures grew in all jurisdictions except Caroline and Dorchester counties.

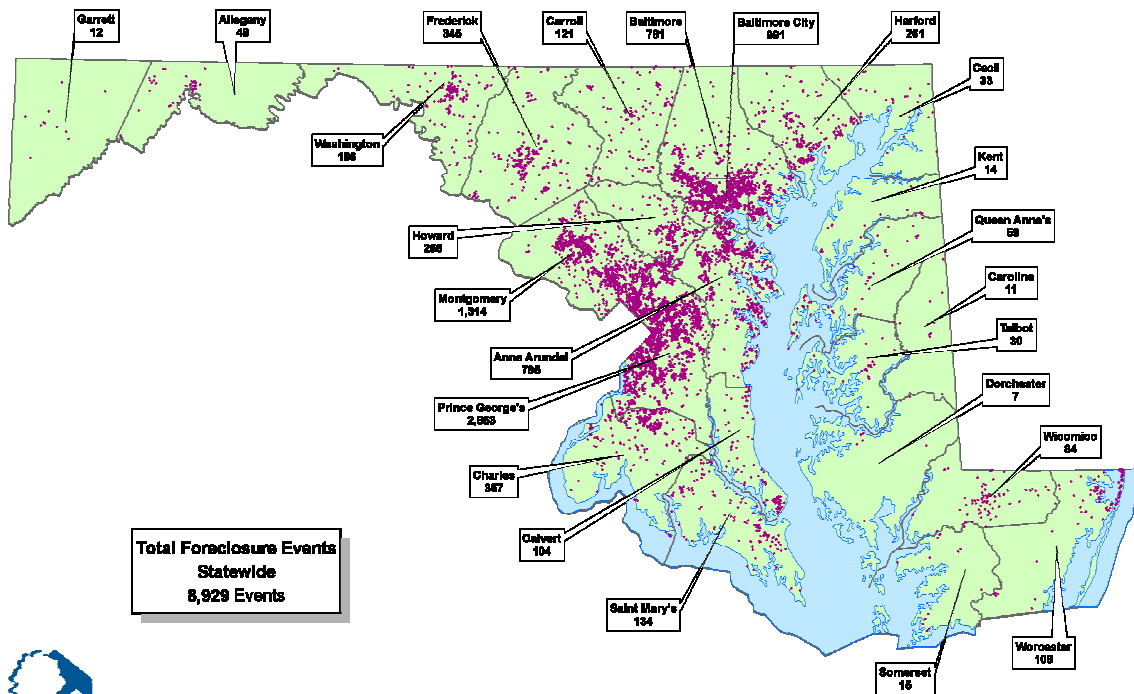


**Table 1. Property Foreclosure Events in Maryland Jurisdictions  
2008 Q2**

Jurisdiction	Notices of Default	Notices of Sales	Lender Purchases (REO)	Total			
				Number	County Share	% Change from	
						2008Q1	2007 Q2
Allegany	37	9	2	48	0.5%	-28.4%	108.7%
Anne Arundel	648	35	112	795	8.9%	9.2%	165.9%
Baltimore	679	73	29	781	8.7%	-16.0%	34.7%
Baltimore City	832	112	47	991	11.1%	-40.1%	145.3%
Calvert	82	13	9	104	1.2%	-40.2%	46.5%
Caroline	10	1	0	11	0.1%	-85.1%	-15.4%
Carroll	106	10	5	121	1.4%	-31.3%	108.6%
Cecil	21	6	6	33	0.4%	-76.9%	153.8%
Charles	300	46	11	357	4.0%	-10.8%	121.7%
Dorchester	2	1	4	7	0.1%	-88.7%	-30.0%
Frederick	266	51	28	345	3.9%	-32.1%	180.5%
Garrett	10	2	0	12	0.1%	-67.6%	500.0%
Harford	244	9	8	261	2.9%	-18.7%	36.6%
Howard	190	55	11	256	2.9%	-23.1%	161.2%
Kent	11	2	1	14	0.2%	-53.3%	366.7%
Montgomery	1,162	76	76	1,314	14.7%	-20.2%	117.2%
Prince George's	2,411	292	150	2,853	32.0%	-13.8%	139.3%
Queen Anne's	56	2	1	59	0.7%	-19.2%	637.5%
Somerset	15	0	0	15	0.2%	-53.1%	n/a
St. Mary's	121	8	5	134	1.5%	-6.3%	252.6%
Talbot	29	0	1	30	0.3%	-31.8%	76.5%
Washington	173	7	16	196	2.2%	-24.6%	56.8%
Wicomico	71	4	9	84	0.9%	-36.8%	104.9%
Worcester	99	3	6	108	1.2%	5.9%	535.3%
<b>Maryland</b>	<b>7,575</b>	<b>817</b>	<b>537</b>	<b>8,929</b>	<b>100.0%</b>	<b>-21.5%</b>	<b>118.2%</b>

Source: RealtyTrac

## Maryland Foreclosure Events 2nd Quarter 2008



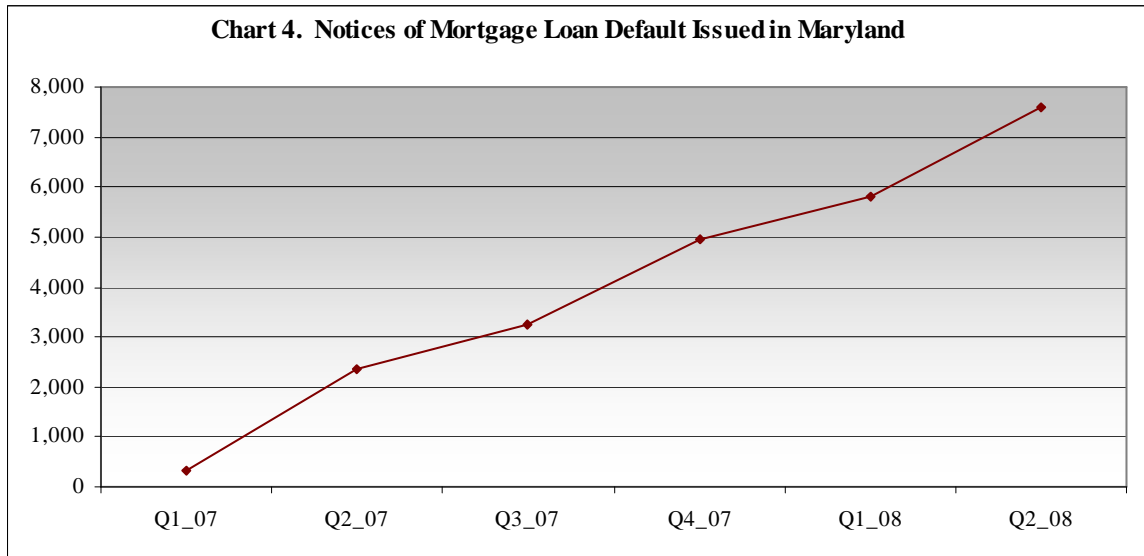
Martin O'Malley, Governor  
Anthony G. Brown, Lt. Governor  
Raymond A. Skinner, Secretary  
Clarence J. Snuggs, Deputy Secretary

Data Source: RealtyTrac.com

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## NOTICES OF MORTGAGE LOAN DEFAULT

Notices of mortgage loan default reached a new high of 7,575 events in the second quarter of 2008, up 30.4 percent above the previous quarter and up 219.6 percent over last year. As shown in Table 2, Prince George's County accounted for the largest share of default notices (31.8 percent), followed by Montgomery County (15.3 percent), Baltimore City (11.0 percent), Baltimore County (9.0 percent), and Anne Arundel County (8.6 percent). Compared to last quarter, notices of default grew in all jurisdictions except Allegany, Calvert, Caroline, Carroll, Cecil, Dorchester, Garrett, Kent, and Somerset counties as well as Baltimore City. Compared to last year, notices of default grew in all jurisdictions, most notably in Charles, Frederick, Howard, Queen Anne's, St. Mary's and Worcester counties.



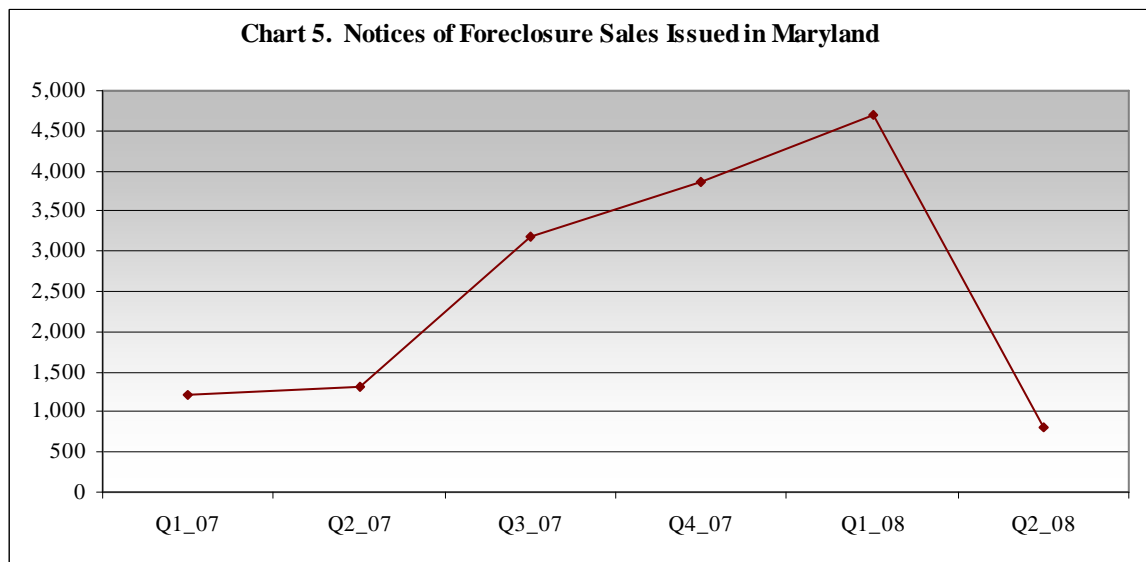
**Table 2. Notices of Mortgage Loan Default Issued in Maryland  
Second Quarter 2008**

<b>Jurisdiction</b>	<b>2008 Q2</b>		<b>Percent Change from</b>	
	<b>Number</b>	<b>% of Total</b>	<b>2008 Q1</b>	<b>2007 Q2</b>
Allegany	37	0.5%	-9.8%	131.3%
Anne Arundel	648	8.6%	90.6%	283.4%
Baltimore	679	9.0%	44.2%	114.9%
Baltimore City	832	11.0%	-25.4%	212.8%
Calvert	82	1.1%	-7.9%	446.7%
Caroline	10	0.1%	-68.8%	66.7%
Carroll	106	1.4%	-10.2%	606.7%
Cecil	21	0.3%	-76.9%	425.0%
Charles	300	4.0%	119.0%	2042.9%
Dorchester	2	0.0%	-93.5%	100.0%
Frederick	266	3.5%	9.9%	1008.3%
Garrett	10	0.1%	-64.3%	400.0%
Harford	244	3.2%	108.5%	66.0%
Howard	190	2.5%	18.0%	1087.5%
Kent	11	0.1%	-31.3%	n/a
Montgomery	1,162	15.3%	90.2%	153.2%
Prince George's	2,411	31.8%	29.6%	213.1%
Queen Anne's	56	0.7%	60.0%	1766.7%
Somerset	15	0.2%	-6.3%	n/a
St. Mary's	121	1.6%	57.1%	2925.0%
Talbot	29	0.4%	26.1%	383.3%
Washington	173	2.3%	355.3%	113.6%
Wicomico	71	0.9%	36.5%	153.6%
Worcester	99	1.3%	47.8%	1137.5%
<b>Maryland</b>	<b>7,575</b>	<b>100.0%</b>	<b>30.4%</b>	<b>219.6%</b>

*Source: RealtyTrac*

## NOTICES OF FORECLOSURE SALES

RealtyTrac reported a total of 817 notices of foreclosure sales in the second quarter of 2008, down 82.6 percent from the last quarter and 37.4 percent below last year. The second quarter foreclosure sales were the lowest quarterly figure reported by RealtyTrac since the first quarter of 2007. As shown in Table 3, Prince George's County alone accounted for 35.7 percent of the foreclosure sales in the second quarter, the largest share, followed by Baltimore City (13.7 percent), Montgomery County (9.3 percent), Baltimore County (8.9 percent), Frederick County (6.2 percent), Charles County (5.6 percent) and Anne Arundel County (4.3 percent). Compared to the first quarter of 2008, notices of foreclosure sales declined substantially in all jurisdictions. Compared to last year, notices of sales also declined in all major jurisdictions except in Allegany County, Baltimore City and Worcester County where they were up 80.0 percent, 111.3 percent and 50.0 percent, respectively.



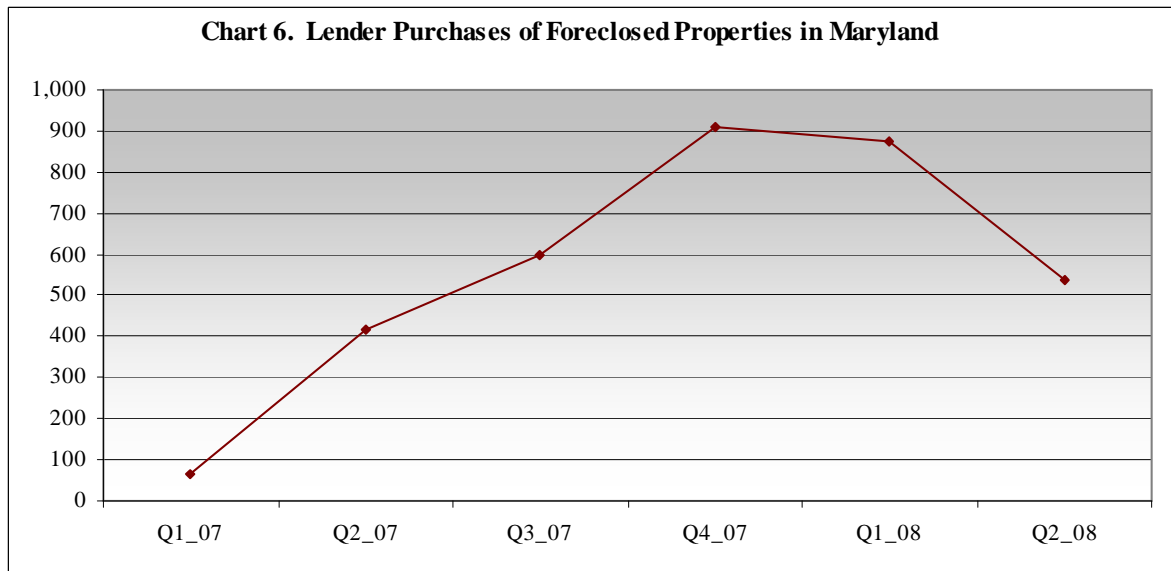
**Table 3. Notices of Foreclosure Sales Issued in Maryland  
Second Quarter 2008**

<b>Jurisdiction</b>	<b>2008 Q2</b>		<b>Percent Change from</b>	
	<b>Number</b>	<b>% of Total</b>	<b>2008 Q1</b>	<b>2007 Q2</b>
Allegany	9	1.1%	-65.4%	80.0%
Anne Arundel	35	4.3%	-88.1%	-69.0%
Baltimore	73	8.9%	-79.9%	-60.3%
Baltimore City	112	13.7%	-66.7%	111.3%
Calvert	13	1.6%	-82.9%	-75.0%
Caroline	1	0.1%	-97.4%	-83.3%
Carroll	10	1.2%	-81.8%	-72.2%
Cecil	6	0.7%	-87.0%	0.0%
Charles	46	5.6%	-81.6%	-67.1%
Dorchester	1	0.1%	-96.6%	-83.3%
Frederick	51	6.2%	-80.4%	-44.6%
Garrett	2	0.2%	-75.0%	n/a
Harford	9	1.1%	-94.3%	-25.0%
Howard	55	6.7%	-63.8%	-32.1%
Kent	2	0.2%	-81.8%	-33.3%
Montgomery	76	9.3%	-91.7%	0.0%
Prince George's	292	35.7%	-76.9%	-22.1%
Queen Anne's	2	0.2%	-94.7%	-33.3%
Somerset	0	0.0%	-100.0%	n/a
St. Mary's	8	1.0%	-87.3%	-75.8%
Talbot	0	0.0%	-100.0%	-100.0%
Washington	7	0.9%	-96.2%	-50.0%
Wicomico	4	0.5%	-93.9%	-20.0%
Worcester	3	0.4%	-88.5%	50.0%
<b>Maryland</b>	<b>817</b>	<b>100.0%</b>	<b>-82.6%</b>	<b>-37.4%</b>

Source: RealtyTrac

## LENDER PURCHASES OF FORECLOSED PROPERTIES

According to RealtyTrac, Maryland lenders purchased a total of 537 foreclosed properties in the second quarter of 2008, representing a sharp decline of 38.6 percent from the previous quarter, but a rise of 29.1 percent over last year. As shown in Table 4, Prince George's County accounted for 27.9 percent of the lender purchases statewide in the second quarter, the largest share, followed by Anne Arundel County (20.9 percent), Montgomery County (14.2 percent each), Baltimore City (8.8 percent), Baltimore County (5.4 percent) and Frederick County (5.2 percent). Compared to the first quarter of 2008, lender purchases declined in all jurisdictions, except Anne Arundel, Carroll, Dorchester, Frederick, and St. Mary's counties. However, compared to last year, lender purchases increased in all jurisdictions, except Baltimore, Caroline, Carroll, Harford, Queen Anne's, Talbot, Washington, and Worcester counties as well as Baltimore City.



**Table 4. Lender Purchases of Foreclosed Properties in Maryland  
Second Quarter 2008**

<b>Jurisdiction</b>	<b>2008 Q2</b>		<b>Percent Change from</b>	
	<b>Number</b>	<b>% of Total</b>	<b>2008 Q1</b>	<b>2007 Q2</b>
Allegany	2	0.4%	n/a	0.0%
Anne Arundel	112	20.9%	19.1%	558.8%
Baltimore	29	5.4%	-69.5%	-63.8%
Baltimore City	47	8.8%	-76.8%	-44.7%
Calvert	9	1.7%	0.0%	125.0%
Caroline	0	0.0%	-100.0%	-100.0%
Carroll	5	0.9%	66.7%	-28.6%
Cecil	6	1.1%	0.0%	100.0%
Charles	11	2.0%	-15.4%	57.1%
Dorchester	4	0.7%	100.0%	33.3%
Frederick	28	5.2%	366.7%	300.0%
Garrett	0	0.0%	-100.0%	n/a
Harford	8	1.5%	-82.2%	-75.0%
Howard	11	2.0%	-45.0%	1000.0%
Kent	1	0.2%	-66.7%	n/a
Montgomery	76	14.2%	-35.0%	8.6%
Prince George's	150	27.9%	-18.9%	219.1%
Queen Anne's	1	0.2%	n/a	-50.0%
Somerset	0	0.0%	-100.0%	n/a
St. Mary's	5	0.9%	66.7%	400.0%
Talbot	1	0.2%	-50.0%	-50.0%
Washington	16	3.0%	-56.8%	-46.7%
Wicomico	9	1.7%	-40.0%	12.5%
Worcester	6	1.1%	-33.3%	-14.3%
<b>Maryland</b>	<b>537</b>	<b>100.0%</b>	<b>-38.6%</b>	<b>29.1%</b>

Source: RealtyTrac

## **FORECLOSURE HOT SPOTS**

To identify foreclosure hot spots in Maryland, this report excluded communities that had fewer than 10 foreclosure events during the second quarter of 2008. The average number of foreclosures across the remaining communities was 49 events, and the average number of homeowner households per foreclosure event, or the foreclosure rate, was 225. The hot spots, as defined in this report, are a subset of the latter communities and include areas that recorded more than 49 foreclosure events and exhibited fewer than 225 homeowner households per foreclosure. Overall, a total of 5,653 foreclosure events occurred in these communities in the second quarter, representing over 63 percent of all foreclosure activity statewide. The average number of foreclosures across all hot spot communities was 91 events, while the average foreclosure rate in the group was 105 homeowner households per foreclosure. Table 5 shows the foreclosure hot spots in Maryland for the second quarter of 2008. The Table also shows the foreclosure index calculated for each hot spot community. The index measures the extent to which a community's foreclosure rate deviates from the group average. For example, the Capitol Heights community of Prince George's County displays a foreclosure index of 246.5, indicating that the foreclosure concentration in that community is 146.5 percent above the group average.

The top 10 communities in this group, ranked in terms of the number of foreclosure events, include Capitol Heights (20743), Upper Marlboro (20774), Fort Washington (20744), Upper Marlboro (20772), Clinton (20735), Hyattsville (20783), Lanham (20706), Temple Hills (20748), and Hyattsville (20784) in Prince George's County; and Germantown (20874) in Montgomery County. The top ten in the group ranked in order of their foreclosure rate are Capitol Heights (20743), Hyattsville (20784), Riverdale (20737), Hyattsville (20783), Accokeek (20607), Upper Marlboro (20774), Beltsville (20705), and Bowie (20720) in Prince George's County; Franklin community (21223) in Baltimore City; and Gaithersburg (20877) in Montgomery County.

**Table 5. Foreclosure Hot Spots in Maryland Communities  
Second Quarter 2008**

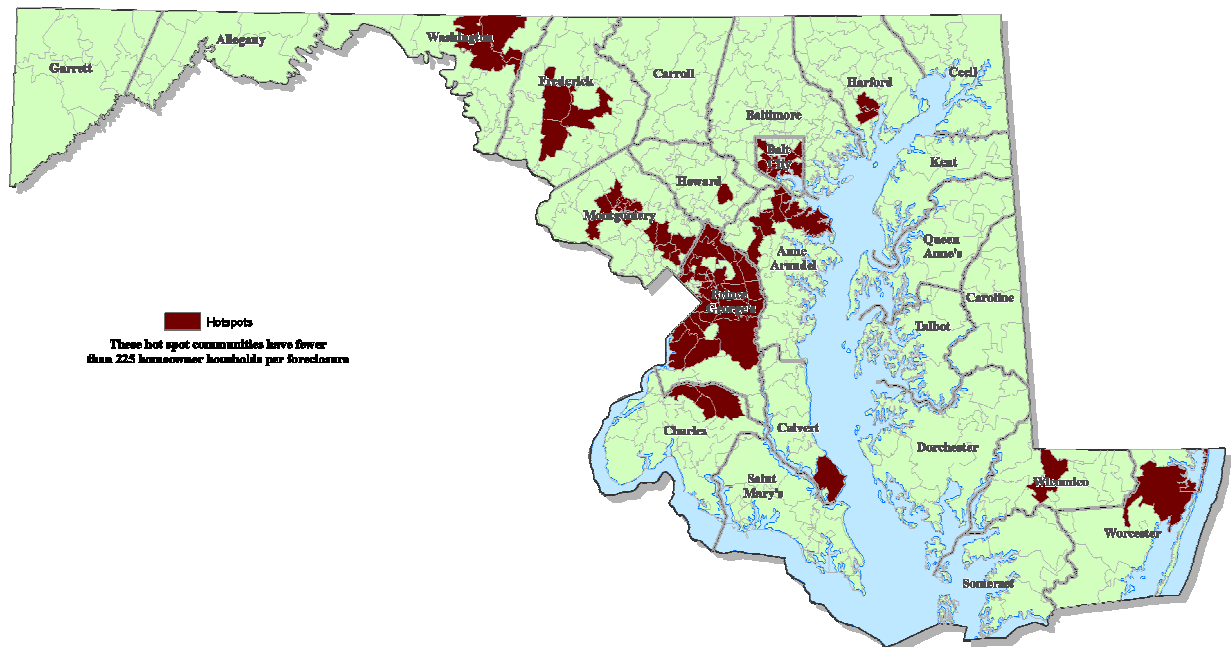
<b>Jurisdiction</b>	<b>Zip Code</b>	<b>Post Office Name</b>	<b>Number of Foreclosures</b>	<b>Homeowner Households per Foreclosure</b>	<b>Foreclosure Index</b>
Anne Arundel	21060	Glen Burnie	57	139	75.9
Anne Arundel	21061	Glen Burnie	84	139	75.8
Anne Arundel	21122	Pasadena	110	170	62.0
Anne Arundel	21144	Severn	83	96	109.2
Baltimore	21117	Owings Mills	65	196	53.8
Baltimore	21133	Randallstown	78	97	108.7
Baltimore	21207	Gwynn Oak	62	188	55.9
Baltimore	21222	Dundalk	76	207	51.0
Baltimore	21244	Windsor Mill	52	133	79.4
Baltimore City	21206	Raspeburg	76	163	64.8
Baltimore City	21213	Clifton	81	96	110.2
Baltimore City	21215	Arlington	95	131	80.4
Baltimore City	21216	Walbrook	54	136	77.4
Baltimore City	21217	Druid	69	69	152.4
Baltimore City	21218	Waverly	74	122	86.4
Baltimore City	21223	Franklin	74	60	176.6
Baltimore City	21224	Highlandtown	94	136	77.5
Baltimore City	21229	Carroll	66	168	62.5
Baltimore City	21230	Baltimore	67	124	85.0
Calvert	20657	Lusby	54	111	94.7
Charles	20601	Waldorf	70	96	109.6
Charles	20602	Waldorf	75	77	136.4
Charles	20603	Waldorf	83	79	133.9
Frederick	21701	Frederick	61	163	64.6
Frederick	21702	Frederick	83	113	93.3
Frederick	21703	Frederick	82	100	105.0
Harford	21040	Edgewood	54	116	90.5
Howard	21045	Columbia	54	201	52.4
Montgomery	20874	Germantown	157	96	109.3
Montgomery	20876	Germantown	65	91	115.3
Montgomery	20877	Gaithersburg	87	66	160.0
Montgomery	20878	Gaithersburg	74	217	48.6
Montgomery	20879	Gaithersburg	72	100	105.8
Montgomery	20886	Montgomery Village	115	71	149.3
Montgomery	20902	Silver Spring	75	142	74.3
Montgomery	20904	Silver Spring	71	161	65.2
Montgomery	20906	Silver Spring	126	135	77.9
Prince George's	20607	Accokeek	59	48	220.4
Prince George's	20705	Beltsville	89	56	188.7
Prince George's	20706	Lanham	139	67	157.5
Prince George's	20707	Laurel	103	70	149.5
Prince George's	20715	Bowie	52	160	66.0

**Table 5. Foreclosure Hot Spots in Maryland Communities  
Second Quarter 2008**

<b>Jurisdiction</b>	<b>Zip Code</b>	<b>Post Office Name</b>	<b>Number of Foreclosures</b>	<b>Homeowner Households per Foreclosure</b>	<b>Foreclosure Index</b>
Prince George's	20716	Bowie	84	72	146.4
Prince George's	20720	Bowie	105	59	178.3
Prince George's	20721	Bowie	106	78	135.7
Prince George's	20735	Clinton	152	72	146.6
Prince George's	20737	Riverdale	69	46	231.1
Prince George's	20740	College Park	52	98	108.0
Prince George's	20743	Capitol Heights	222	43	246.5
Prince George's	20744	Fort Washington	201	76	139.2
Prince George's	20745	Oxon Hill	64	76	138.3
Prince George's	20746	Suitland	62	77	136.5
Prince George's	20747	District Heights	116	68	154.0
Prince George's	20748	Temple Hills	133	67	156.9
Prince George's	20772	Upper Marlboro	167	79	133.5
Prince George's	20774	Upper Marlboro	219	56	189.1
Prince George's	20782	Hyattsville	55	86	122.0
Prince George's	20783	Hyattsville	148	47	223.1
Prince George's	20784	Hyattsville	128	43	244.0
Prince George's	20785	Hyattsville	97	72	145.5
Washington	21740	Hagerstown	101	136	77.7
Worcester	21842	Ocean City	55	75	141.1
<b>All Communities</b>			<b>5,653</b>	<b>105</b>	<b>100.0</b>

Source: RealtyTrac and DHCD, Office of Research

**FORECLOSURE HOT SPOTS in MARYLAND**  
**2nd Quarter 2008**



**Source: RealtyTrac  
 and DHCD Office of Research**

*pub. date: 08/05/2008*